

MINES AND MINING

TRUST METHODS IN BUYING ORE

Must Earn Dividends on \$100,000 of Capitalization, Half of Which is "Water."

(Frank Hall in Denver Post.)
The American Smelting & Refining company is capitalized for \$100,000,000, about 50 per cent of which is water. It pays quarterly dividends at the rate of \$4 per annum on its common stock, par \$100, and 7 per cent on its preferred shares, par \$100. The total dividends paid by this company up to Aug. 31 this year, amount to \$1,625,000, making, since its organization in 1898, a period of nine years, \$17,266,533. This enormous sum represents the profits it has made on the purchase and smelting of ores. But it has made other millions of profits from other sources, which will not be considered at this time. It has been stated, time and again, by men who were competent to judge, that all of its plants, several of which are lately worn and out of date, could be duplicated with the best improved machinery, buildings and accessories for much less than \$25,000,000, and probably for \$12,500,000. This implies that if a new company or trust were to be formed to enter the same fields of operation, building plants adapted to the needs of each mining state occupied by the A. S. & R. company, eliminating the deluge of water from its capitalizations, it could easily control the bulk of the ore output by reducing the treatment charges and giving in other ways a square deal, which the producers know has not been given them in the last ten years. The dividends paid by the smelter trust in the last nine years show something of what the new company could make and divide without robbing its patrons.

Millions Paid for Obsolete Plants.
The grant smelter in this city was old and worn when the trust company bought it for a sum beyond its intrinsic value, and when, a few years later, it was closed, it was wholly obsolete. The only thing of material value left were the land, the big smokestack, with its elaborate dust chambers, and a \$1,000,000 mortgage. Its place was supplied by enlarging the Globe smelter. The Moffat, or Bi-Metallic, smelter at Leadville, using the Austin process, which cost very little, was offered to the Guggenheims prior to the formation of the trust, for \$225,000, but they turned it down. The writer is informed that it was subsequently sold to the trust for \$2,500,000, one-half in preferred and the balance in common stock, or about eleven times what it had been offered for a few months before. It was closed, and never operated again.

Independent Plants Crushed.
Other smelters in Colorado and elsewhere were bought and put in at enormous prices. The better talent employed in each was given places at high salaries in the A. S. & R. company, but they lasted only a short time. Later on, when the Guggenheims were finally able to remain everything in their grasp, much of the talent was dispensed with. All independent smelters that tried to remain independent were ruthlessly crushed, by what means is well known. The method

was not materially different from that so successfully employed by the Standard Oil Trust. As time passed, the railroads were brought under control in the matter of charges on ore and supplies for the smelters. At points of delivery, as at Durango, where the railroad runs direct to the San Juan smelter, switching charges are made against the ore, and I am told it is the same at every other point of delivery.

Method of Handling Ores.
The first step after delivery at the smelter is the weighing and sampling. It is stated by many sellers of ore that there is sometimes a material difference in weight between the smelter scales and other scales. Then comes the assaying and tests for moisture. No ore is received without deductions for moisture, often running from 2 to 4 per cent, and in wet ores much higher. Even the driest ore is, with few exceptions, subjected to a deduction of 1 per cent. Then they deduct 5 per cent for loss in smelting, and pay only \$19 to \$19.50 per ounce for gold, which brings \$20.67 per ounce at the mint. They claim there is a loss in smelting gold, but their furnace statements show they have taken out more gold than they paid for. In many cases where the ore does not contain over \$2 in gold, the seller gets nothing for that metal. In ores containing copper, they pay nothing for the copper, unless it runs over 25 per cent, or fifty pounds to the ton. When it carries 25 per cent and over they deduct 15 per cent, or thirty pounds, which, at 12 1/2 cents, amounts to \$3.75 per ton, and charge also for smelting. And when they do pay for it, the rate is much below the market quotation.

How Lead Ore Is Robbed.
In the matter of lead, there are cases where, say a car of ore runs 40 to 60 per cent, there is no charge for smelting, but the price paid the producer of the high-grade lead ore are such as to give them from \$5 to \$18 per ton for smelting, while the seller congratulates himself on the statement that there is no smelting charge. There are thousands of tons of ore that carry a fair percentage of copper, often from twenty to forty pounds per ton, that the owners get no pay for. In lead ores it is much the same. Unless it contains say 10 per cent or over, the owner gets nothing, but if it contains 200 to 400 pounds he gets a small price for it; all under 200 pounds is not paid for unless by special contract. The swindlers on small percentages of silver, copper and lead sometimes amount to more than the regular charges.
The statements foregoing are from men who have for years been producing ore and selling them to the smelters, and while the figures given may not, in all cases, be exact, they are approximately correct and represent the manner of dealing and the exactions practiced. One has only to look at the vast dividends paid on \$100,000,000 of capitalization, half of which is water, to realize that smelting, as at present carried on, is an unwarrantably profitable business. In this, the worst year since the trust was formed, when many of their furnaces were idle, the dividends, up to August 31, amounted to \$1,625,000.

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HOW UTAH CON. STALLED TRUST

Retained Whip Hand on American Company by Exercising Tooele County Options.

(Special to The Herald.)
Boston, Mass., Oct. 11.—The present smelting contract between the Utah Consolidated company and the American Smelters Securities company (Garfield smelter) has seventeen months yet to run. It is stated that at the present time only 20 cents per ton separates the two interests as to an equitable price for treating Utah Consolidated ores, and that when President Broughton took matters into his own hands and decided to build a new smelter, he made no attempt to negotiate with the Guggenheim interests to reach an equitable agreement.

There have been unmistakable signs that the American company was trying to get the Utah Consolidated in a hole for some time. It is only a short time ago word came from the east that the Utah Consolidated was going to surrender its options in Tooele county and it was talked around Salt Lake every day that the American company did not intend to permit the building of a competitive smelter in Tooele county. It was believed here that the plan mapped out included a policy of procrastination on the part of the American company in deciding whether it would take Utah Consolidated ores for another five years or no longer. This was to be continued in a way that would lead the Utah Consolidated to believe that its demands would be met until the latter company's options to lands in Tooele county expired on the first of the present month. Then the American company would step in and get control of the situation and tell the Utah Consolidated company to pay more for ore treatment or go to it. It looks like the Utah Consolidated company had seen the trap and removed the bait by taking up its options. And it looks, also, as though some one interested in the success of the American company's attempted coup is now trying to make it unpleasant for President Broughton.
There is no question but what the ores of the Utah Consolidated company are exceedingly desirable at the Garfield plant of the American company, and, judging from the manner in which somebody is trying to stir up strife enough to prevent the building of the new smelter by the Utah Consolidated company, the Guggenheim generals are now seeking for a soft spot on which to light after having been knocked "galleys-west" by the Utah Consolidated company's loyal president and discerning staff.

LOCATION OF THE BEST GILSONITE IS IN UTAH
Gilsonite is the most abundant of all the known hard asphalt substances in the United States. It is found in northeastern Utah, in Uintah and Wasatch counties, where it occurs in vertical gas veins or fissures, cutting across nearly flat tertiary rocks. The veins of gilsonite bear in general northwest-southeast directions, and vary in width from thin stringers to

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The Herald can be bought at the following places in Nevada:
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Tonopah—T. A. Oldfather.

several feet. At one locality a vein eighteen feet thick has been reported. The same vein extends for several miles with thicknesses varying from four feet to twelve feet. The horizontal length of some of these veins is known to be many miles, but their vertical depth as a rule is unknown.
The best known of the thicker deposits of gilsonite in Utah are in the central part of the Uintah basin, on both sides of White River valley. Notable localities are near Dragon and on the north side of White river, near the Colorado state line. Other important deposits are at Pariette, near Fort Duchesne, and northwest of Fort Duchesne. Some of the gilsonite veins in the Yerington district, extend into Colorado. Veins of similar species of asphalt occur in Willow Springs, near the north side of Middle Park, in Grand county, Colorado.

KNIGHT-MANGUM CROWD CLOSE DEAL AT YERINGTON

A. G. Guthrie has completed a big deal by which the Knight-Mangum people of Utah acquire a large area of good copper ground, says the Yerington Times. These people are among the most wealthy operators of the country and their securing this considerable property is a good stroke of business, not only for them, but for Yerington, as they are able and expected to develop the property, which will benefit both.
The option which Mr. Guthrie took up for them was on sixteen claims adjoining the McConnell and Yerington Consolidated properties, and is considered some of the best ground in the district.
The claims were secured from Messrs. Sonne, Vardy and Beckman, and, while Mr. Guthrie would not divulge the amount paid, it is a matter of current knowledge that the sum was a large one. We expect to hear more of these claims very soon.

ANOTHER GOLD DISCOVERY REPORTED FROM NEVADA

News has been brought to town of a rich strike of gold ore recently made in Provo canyon, situated between Paradise Hill and Stone House, says the Humboldt, Nev., Star. The find was made by a prospector from southern Nevada, who has been in that section for some time. For a number of years pieces of gold have been picked up in Provo canyon and prospectors have searched for the vein from whence the rich ore came, but without avail, until the rich vein was uncovered the other day. It is believed that it is the mother lode or source of the placer gold found there. The ore is covered with small nuggets of the yellow metal. Already a number of people are going there and a townsite has been located.

BIG GUNS OF TONOPAH SIZE UP CHAFAY CAMP
Senator T. L. Oddie, accompanied by S. S. Johnson, a New York capitalist, and H. H. Cookson of Tonopah have been sizing up Chafay camp. In an interview with the Silver State News, Senator Oddie said:
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ing, with which we were deeply impressed. Great credit is due E. S. Chafay for the practical manner in which he has handled the work. He has shown himself to be a man who thoroughly comprehends the situation, and is getting every dollar out of the proposition that there is in it, and he richly deserves his good fortune.
"Did your party make any investments while in Chafay, Senator?" inquired the reporter.
"We made no investment in the Mayflower," was the response. "For the reason that it is a close corporation proposition, and there is nothing for sale. However, we acquired small interests in other properties."
"We shall start today for National and inspect that camp, which seems now to be prominently before the mining world. We shall return within a few days, and will then proceed to Tonopah. It is my intention, however, to return to Humboldt county within a month, and I shall spend a good portion of the winter here, as I believe this county will shortly be the center of mining activities in this state."
The party departed for National in their private auto shortly before noon yesterday. Asked if he should make any investments at National, Mr. Johnson said:
"Probably not at this time. I have been making a thorough investigation of mining conditions in your state for the past month, and shall make my report when my labors have been concluded to several eastern prospective investors of ample means. From what I have seen that report will be very favorable."

GETS GOOD GOLD VALUES IN THE OLD SAPHO

John L. Weber left this morning for Salt Lake, to be gone for about two weeks on business relating to the Sapho Mining company, of which he is a large shareholder and manager, says the Ely Express.
The company has been doing considerable development work recently and in one shaft that is now down about twenty-five feet, on the Bobtail claim, the ledge carries gold values to the amount of \$32 a ton, with thirty ounces of silver. Similar values were found in other shafts on the same ledge, but with depth the gold and silver gradually became less until they disappeared and the ore changed to copper. One of the older shafts is fifty feet deep and is in good copper ore that

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shareholder and manager, says the Ely Express.
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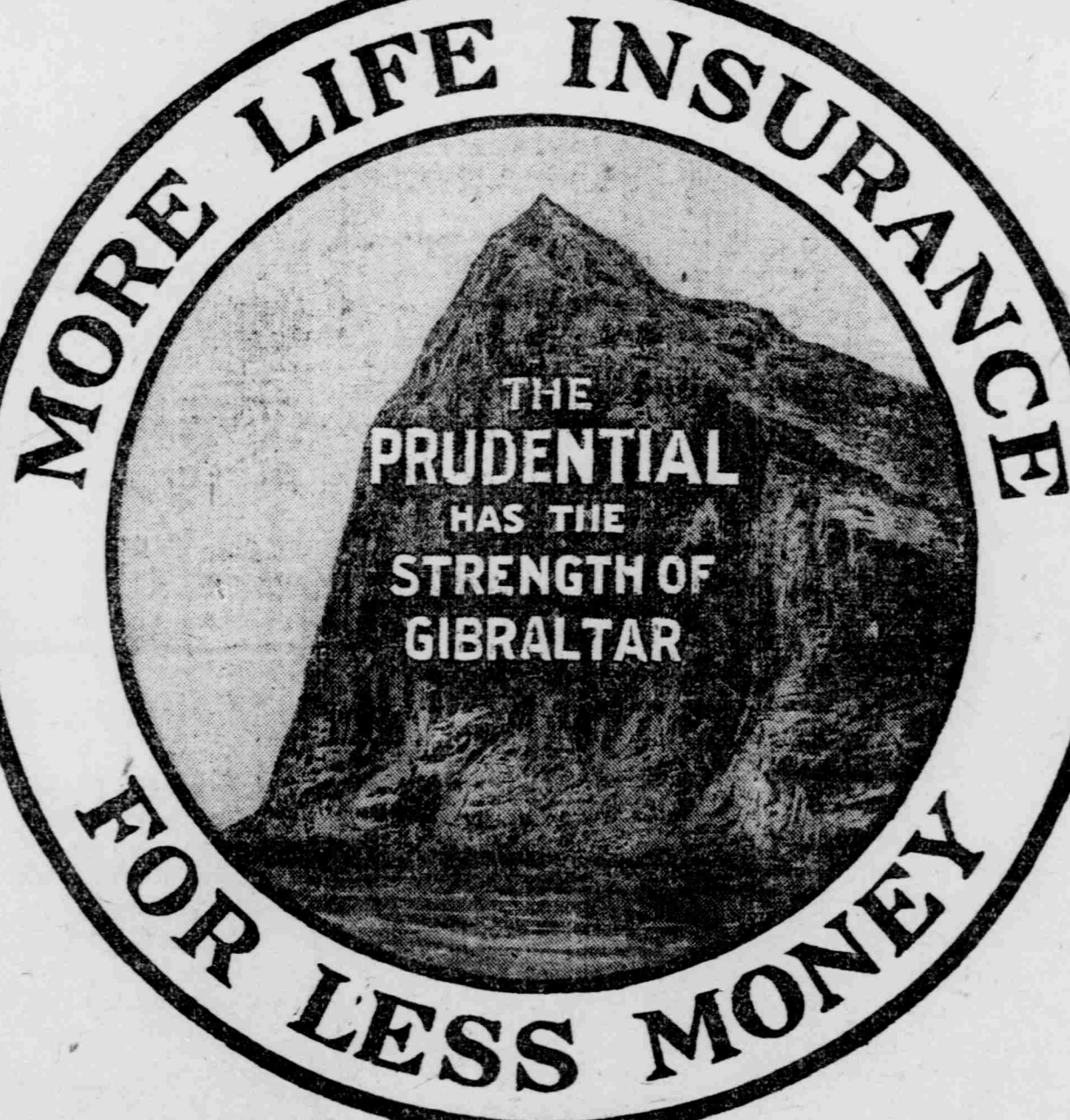
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carries 7 to 8 per cent of the metal. The development will be continued for the present, and may be enlarged as the result of Mr. Weber's visit to confer with the other directors of the company.

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